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ABSTRACT

This competency-based preservice home economics teacher education module on the relationship between national and consumer economics is the first in a set of seven modules on consumer education related to management. (This set is part of a larger series of sixty-seven modules on the Management Approach to Teaching Consumer and Homemaking Education [MATCH]--see CE 019 901-967.) Following the module objective and overview, one unit of instruction is presented on national and consumer economics. The unit consists of two lessons: (1) basic principles on which the national economy functions, and (2) the ways in which the consumer and the national economy affect each other. Each lesson includes a narrative summary, suggested activities, and suggested resources (readings). A list of suggested module resources (books and periodicals) is also included. A module pre/posttest (with answer key) concludes the document. (Workshop proceedings relating to the development of these modules are available in the ERIC system as CE 019 896-899; also available is a module on utilizing PHA-HERO as an instructional strategy to expand and strengthen the home economics instructional programs [CE 019 900].) (JH)

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CONSUMER APPROACH STRAND:

MANAGEMENT

MODULE I-F-1 RELATIONSHIP BETWEEN NATIONAL AND
CONSUMER ECONOMICS

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1978

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EDUCATION & WELFARE
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EDUCATION

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CE 019 925

MATCHE

Management Approach to Teaching Consumer and Homemaking Education

MATCHE is an individualized, competency-based preservice curriculum designed for home economics education students at the preprofessional, upper division level. MATCHE is a comprehensive curriculum based on selected objectives which give emphases in three areas: 1) consumer approach to homemaking education, 2) teaching home economics in economically depressed areas, and 3) establishing occupational programs related to home economics. The material for each subject matter area of home economics has been organized into these three strands, and includes an FHA-HERO emphasis. These subject matter areas are home economics education core, housing, foods and nutrition, textiles and clothing, human development, and management.

The MATCHE modules were written by subject matter specialists from various colleges and universities offering home economics and therefore each is unique in the approach used for the development of the objectives. The modules allow for differences in level of achievement, rate of learning, and learning goals. They may be used independently, combined into a sequential series, or as a random set of conceptual units. Any instructor using the material can easily adapt the material to a specific group of students, the locale, method of instruction, and available facilities. Learning may be facilitated by offering one module in conjunction with others.

As MATCHE is continuously up-dated by those using the curriculum, some concepts and objectives may be added and others deleted. The purpose is to continually strengthen the program for pre and inservice home economics teachers.

Guidelines for Use and Continuous Development of MATCHE are on file with Home Economics units in each of the fifty state departments of education plus all of the Home Economics Departments in California institutions offering home economics education. This booklet and proceedings from the four MATCHE workshops give background information concerning the purpose and development of the MATCHE project.

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MATCHE PROJECT

1974-1978

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RELATIONSHIP BETWEEN NATIONAL AND CONSUMER ECONOMICS

Module Objective

Given any national economic condition, the MATCHE student will be able to analyze verbally the relationship of the economic condition to the individual consumer and vice versa.

Module Overview

The consuming economy plays a vital part in the foundation for our national economy. In this module, you as a consumer will see the relationship between the consumer economy and the national economy.

This module consists of the following unit:

National and Consumer Economics

UNIT

NATIONAL AND CONSUMER ECONOMICS

Objectives

The MATCHE student will be able to describe the basic principles on which the national economy functions.

The MATCHE student will be able to describe in what ways the consumer and the national economy affect each other.

Overview

Since the strength of our nation and the well-being of its citizens depend upon our national economy, it is important that as consumers we become informed of the processes of this system. Consumerism has a great influence on the production priorities of our national economy. Inflation or loss of purchasing power, unemployment, and the quality of life in general are all factors influenced by consumerism. In order to be in a position to assess the impact of consumerism on the national economy, we need to know the principles of our economic system. This unit will present the basic principles on which our economy functions.

Lesson 1: Basic Principles on Which the National Economy Functions

In addition to the narrative summary, all of the resources and activities presented in this lesson will enable you to describe the basic principles on which the national economy functions.

Narrative Summary

Every society must devise a method for using its resources to satisfy the needs and wants of its people. To do this, the resources--factors of production--of the society must be distributed among the people/consumers. Because resources are finite and wants are infinite, all societies face the problem of scarcity. The scarcity problem makes necessary, decisions concerning priorities for using resources. The mechanism that makes these priority decisions is the society's economy, which will be based upon the social value judgments made by that particular society as to the manner in which its resources are to be owned and used.

In the United States, operating under a modified free enterprise system, the economy solves the problem of: 1) what to produce, 2) how to produce, 3) how much to produce, and 4) for whom to produce, through the interaction of consumers and producers who are, in most cases, free to maximize their own satisfactions.

The answer to the "What" question is determined by the willingness of the consumer to cast dollar votes for goods and services. "How to produce" depends upon the price and productivity of the resources that are available. "How much to produce" is determined, in the main, by monetary policy in order to control inflation and recession. The problem of "for whom to produce" is determined by the amount of income that is available to the individual consumer. This income is based upon the amount and productivity of the resource owned by the individual.

Answers to these questions are interrelated, with the solution of one problem affecting the solution of all others. Government interference with the operation of the market to provide answers to these basic allocation questions causes a modification in the process, but the basic principles involved in the solutions of the problems are not changed.

The political system is used to modify the market system in the following manner:

1. Create taxes to help equalize income differences due to ownership of factors of production.
2. Modify demand by seeing that desirable goods are in the market.
3. Provide "collective services," such as police, law and order, national defense, national parks.

(See Appendix)

All activities should be submitted to and discussed with your instructor.

Suggested Activities

1. Review the literature in Suggested Resources. To guide you in your review, suggested authors are given for each of the activities.

2. Develop a glossary by doing library research. Include all of the following terms:

inflation	price
recession	market supply curves
gross national product	monopoly
deficit	oligopoly
business sector	perfect competition
consumer sector	profit
foreign sector	imperfect competition
economics of scale	duopoly
investment	mixed economy
entrepreneur	net national product
market	multiplier effect
income	elasticity of demand
market demand curves	

3. Diagram and explain how your income fits into the circular flow of money in our economy.

Resources: Mandell, Lewis - Chapter 1
Gordon and Lee - Chapter 1

4. Devise a diagram that explains the organization and operation of the economy of the United States.

Resources: Mandell, Lewis - Chapter 1
Gordon and Lee, 7th ed. - Chapter 1
Allentuck and Bivens - Chapter 23
Fitzsimmons and Williams - Chapters 5, 6, 7
(See Appendix)

5. Write a brief discussion of the role of consumer decisions as they affect prices. Relate this role to the concept of "consumer sovereignty" and resource allocation.

Resources: Maynes, E. Scott - Chapters 9, 10, 11
Gordon and Lee - Chapters 1, 2, 3, 11
Taylor and Troelstrup - Pages 5-10
Burk, Marguerite - Chapter 6

6. Explore and discuss the pros and cons of deficit spending by our government. Compile a list for each.

Advantages

Disadvantages

Resources: Mandell, Lewis - Chapter 16

7. Explain in a brief essay how fiscal policy, based upon Keynesian economic theory, is used to "fine tune" the economy of the United States.

Resources: Mandell, Lewis - Chapters 16, 17
Heilbroner, Robert L. - Pages 215-276
Heilbroner and Ford - Pages 117-147
The Exchange, New York Stock Exchange - Volume 11, No. 5; January 7, 1977
Fitzsimmons and Williams - Chapter 8

- 8a. Identify two current political policy questions. Examples: rationing of gasoline, price ceilings on scarce commodities, tariffs on imported goods, income tax rebates, ecological costs of technological development of new energy sources.
- b. Write an analysis of the impact of each policy question upon the economy.

Resources: Mandell, Lewis - Chapter 12
Bell, Daniel. "The Revolution of Rising Entitlements," Fortune, April 1975, p. 98ff

Current periodicals will be additional resources for this question.

Your written answers will serve as a progress test for this lesson. Discuss them with your instructor before proceeding to Lesson 2.

Suggested Resources

- Allentuck, Andrew J., and Gordon E. Bivens. Consumer Choice. New York: Harcourt Brace Jovanovich, 1977.
- Bell, Daniel. "The Revolution of Rising Entitlements," Fortune, April, 1975, p. 98ff.
- Burk, Marguerite. Consumption Economics. New York: John Wiley and Sons, 1968.
- Fitzsimmons, Cleo, and Flora Williams. The Family Economy: Nature and Management of Resources. Ann Arbor: Edwards Brothers, 1973.
- Gordon, Leland J., and Stewart M. Lee. 7th edition. Economics for Consumers. New York: D. Van Nostrand, 1977.
- Heilbroner, Robert L. Revised edition. The Worldly Philosophers. New York: Simon and Schuster, 1961.
- Heilbroner, Robert L., and Arthur M. Ford. Is Economics Relevant? Pacific Palisades, California: Goodyear Publishing, 1971.
- Mandell, Lewis. Economics from the Consumers Perspective. Chicago: Science Research Associates, 1975.
- Maynes, E. Scott. Decision Making for Consumers. New York: Macmillan, 1976.
- Taylor, Jack L., and Arch W. Troelstrup. The Consumer in American Society: Additional Dimensions. New York: McGraw Hill, 1974.
- The New York Stock Exchange. Newsletter to Educators, "How Fiscal Policy Affects You: The New Tax Law," 2 (January 7, 1977).

Lesson 2: The Ways in Which the Consumer and the National Economy Affect Each Other

In addition to the narrative summary, all of the resources and activities presented in this lesson will enable you to identify and describe ways in which the consumer and the national economy interact.

Narrative Summary

The consumer and national economy influence each other in a number of ways. The purpose of all production in the national economy is to produce goods and services that will be consumed by someone. This "someone," or basic consuming unit, in the economy of the United States is the family.

The purchase decisions are dollar votes for commodities and services desired by individual families. The impact upon market operation of the individual family's consumer decisions is negligible, but the aggregate of decisions made by all families determines what goods and services are available in the market. In like fashion, the political votes of individuals influence the social and economic policies of the government, which ultimately influences family consumer decisions. Therefore, the informed consumer becomes an asset to community and country. Consumer groups acting together can affect the allocation of scarce resources and have the potential for improving the quality of life for all people.

The commonly accepted definition of the family is a group of two or more persons related by blood, marriage, or adoption who reside together and share resources. There is presently a growing number of households which do not meet the criteria for this definition, i.e., single persons living alone, groups of unrelated persons who live together and share resources, and couples who live together but are not married. In each of the examples cited, as well as in the traditional family, consumer decisions regarding the allocation of scarce resources in order to maximize satisfactions is a goal. This goal of the family or living unit is the same as that of the national economy--the production, distribution, and consumption of goods and resources. Thus the family or living unit is a sub-system of the larger national economy. Decisions at one level influence those at the other level.

Specific areas in which these interactions between the family sub-system (micro-economy) and the national economy (macro-economy) occur are these: fiscal policy, monetary policy, international trade policy, policy relative to social goods, and policies for business organization and regulation.

(See Appendix)

All activities should be submitted to
and discussed with your instructor.

Suggested Activities

1. Review the literature in the resource list. To guide you in your review, suggested authors are given for each of the activities.
2. Develop a glossary by doing library research. Include all of the following terms:

family financial resources
marginal utility
non-monetary income
transfer payments
family capital
labor income
opportunity costs
depreciation
interest
cost-benefit analysis
family capital assets
fixed costs
variable costs
consumer durables
implicit interest

variable interest
internal costs
external costs
dissaving
assets
long-term debt
risks
short-term debt
consumer price index
disposable personal income
"real income"
consumerism
poverty income level
discretionary income

- 3a. Identify two current political policy questions. Examples: rationing of gasoline, price ceilings on scarce commodities, tariffs on imported goods, income tax rebates, ecological costs of technological development of new energy sources. These examples should not be construed as a restraint upon choices of concerns.
- b. Write an analysis of the impact of each policy question upon the economy of the family or living unit.

Resources: Fitzsimmons and Williams - Chapters 1, 19, 20

Current periodicals should be used as supplemental references.

4. The ultimate goal of all consumer decision-making is the maximization of satisfaction. Make a list of reasons why maximization is difficult for the consumer to achieve. The list should include at least ten reasons.

a.

b.

c.

d.

e.

f.

g.

h.

i.

j.

Resources: Burk, Marguerite - Chapter 6
Mandell, Lewis - Chapters 1, 2
Fitzsimmons and Williams - Chapter 14
Maynes, E. Scott - Chapters 1-4
Gordon and Lee - Chapter 4

- 5a. Explain two effects of inflation upon consumer purchasing power (relate to circular flow of income).

a.

b.

- 5b. Explain two effects of recession upon consumer purchasing power (relate to circular flow of income).

a.

b.

Resources: Gordon and Lee - Chapter 1, pages 376, 518-520
Mandell, Lewis - Page 259
Fitzsimmons and Williams - Pages 105-108

(See Appendix)

6. Write a brief discussion on the implications of cost-benefit analysis for a consumer purchase decision regarding the purchase of a consumer durable. Include the following concepts in your discussion:

- | | |
|----------------------|--------------------------|
| a. opportunity costs | f. external costs |
| b. fixed costs | g. family capital assets |
| c. implicit cost | h. inflation |
| d. depreciation | i. ecological impact |
| e. internal costs | j. cost of search |

Resources: Gordon and Lee - Chapter 1
Maynes, E. Scott - Chapter 2
Mandell, Lewis - Chapter 7

7. Relate the following concepts to family income:

Concept	Relationship
---------	--------------

Home Production of Goods:

Human Capital:

Consumer Price Index:

Constant Dollar:

Poverty Level Income:

Labor Income:

Fringe Benefits:

Transfer Payments:

Non-Monetary Income:

Consumer Protection:

Resources: Mandell, Lewis - Chapters 4, 14
Fitzsimmons and Williams - Chapters 12, 13
Feldman, Lawrence P. - Pages 100-101

8. Describe in writing the effects of the government's power to tax upon the consumer's income.

Resources: Mandell, Lewis - Chapters 16, 17
Fitzsimmons and Williams - Chapter 8
Fetterman and Klamkin - Chapter 16

Your written answers will serve as a progress test for this lesson. Discuss them with your instructor. You should be ready to take the Module Posttest at this time.

Suggested Resources:

Burk, Marguerite. Consumption Economics. New York: John Wiley and Sons, 1968.

Feldman, Lawrence P. Consumer Protection: Problems and Prospects. New York: West Publishing, 1976.

Fetterman, Elsie, and Charles Klamkin. Consumer Education in Practice. New York: John Wiley and Sons, 1976.

Fitzsimmons, Cleo, and Flora Williams. The Family Economy: Nature and Management of Resources. Ann Arbor: Edwards Brothers, 1973.

Gordon, Leland J., and Stewart M. Lee. 7th edition. Economics for Consumers. New York: D. Van Nostrand, 1977.

Mandell, Lewis. Economics from the Consumer Perspective. Chicago: Science Research Associates, 1975.

Maynes, E. Scott. Decision Making for Consumers. New York: Macmillan, 1976.

Suggested Resources

Books

- Allentuck, Andrew J., and Gordon E. Bivens. Consumer Choice. New York: Harcourt Brace Jovanovich, 1977.
- Burk, Marguerite. Consumption Economics. New York: John Wiley and Sons, 1968.
- Calderwood, James, and George Fersh. Economics in Action. New York: Macmillan, 1968.
- Deacon, Ruth E., and Francille M. Firebaugh. Home Management Context and Concepts. Boston: Houghton Mifflin, 1975.
- Feldman, Lawrence P. Consumer Protection: Problems and Prospects. New York: West Publishing, 1976.
- Fetterman, Elsie, and Charles Klamkin. Consumer Education in Practice. New York: John Wiley and Sons, 1976.
- Fitzsimmons, Cleo, and Flora Williams. The Family Economy: Nature and Management of Resources. Ann Arbor: Edwards Brothers, 1973.
- Gordon, Leland J., and Stewart M. Lee. 7th edition. Economics for Consumers. New York: D. Van Nostrand, 1977.
- Gross, Irma H., Elizabeth W. Crandall, Marjorie M. Knoll. Management for Modern Families. New York: Appleton-Century-Crofts, 1973.
- Heilbroner, Robert L. Revised edition. The Worldly Philosophers. New York: Simon and Schuster, 1961.
- Heilbroner, Robert L., and Arthur M. Ford. Is Economics Relevant? Pacific Palisades, California: Goodyear Publishing, 1971.
- Mandell, Lewis. Economics from the Consumer's Perspective. Chicago: Science Research Associates, 1975.
- Maynes, E. Scott. Decision Making for Consumers. New York: Macmillan, 1976.
- Seneca, Joseph J., and Michael K. Tausig. Environmental Economics. Englewood Cliffs, New Jersey: Prentice-Hall, 1974.
- Taylor, Jack L., Jr., and Arch W. Troelstrup. The Consumer in American Society: Additional Dimensions. New York: McGraw Hill, 1974.

Bulletins and Periodicals

Bell, Daniel. "The Revolution of Rising Entitlements," Fortune, April, 1975, p. 98ff.

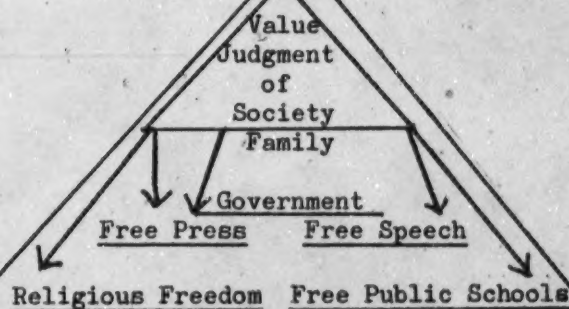
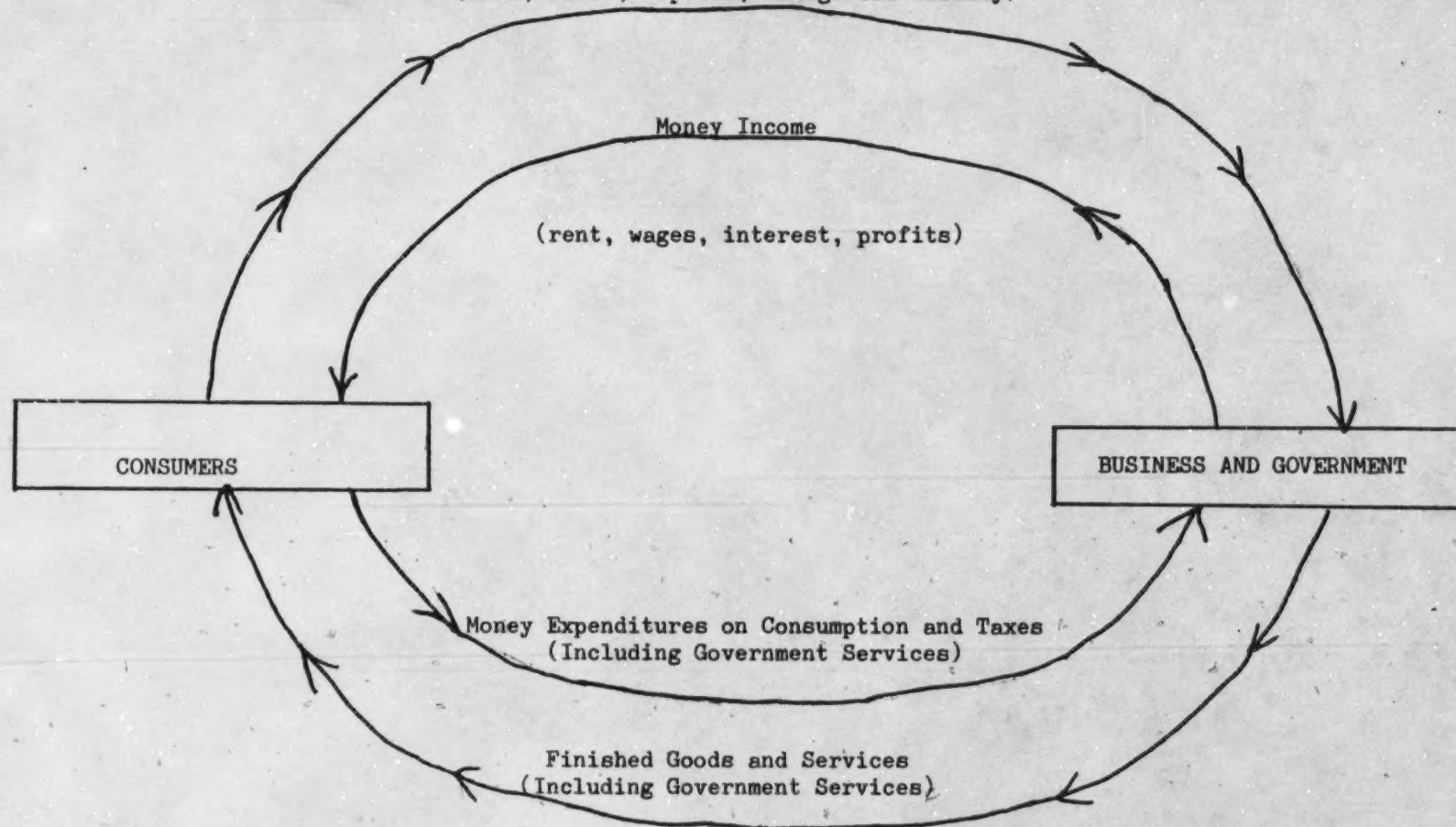
The New York Stock Exchange. Newsletter to Educators, "How Fiscal Policy Affects You: The New Tax Law," 2 (January 7, 1977).

Western Regional Family Economics - Home Management Educators Proceedings. Resources and Security in an Era of Scarcity. Provo, Utah: Brigham Young University, 1976.

Western Regional Family Economics - Home Management Educators Proceedings. Management--Era of Scarcity. Los Angeles: Sheraton Inn, 1975.

A P P E N D I X

CONSUMER RESOURCES
(Land, Labor, Capital, Managerial Ability)



Relationships of Consumers
with Business and
Government in the
Economic Systems

MODULE PRE/POSTTEST

Relationship Between National
and Consumer Economics

Student _____

Instructor _____

Date _____

Student: This pre/posttest will assess your knowledge of the information presented in this module. You need study only those lessons that are prescribed on the basis of the pretest results.

1. What is an economic system?

2. Describe briefly the economic system of the United States.

3. The operation of the economy of the United States is based upon two premises. What are they?
 - a.
 - b.

4. What are the functions of the market in the United States?
 - a.
 - b.
 - c.
 - d.

Pre/posttest (continued)

5. What is meant by "consumer sovereignty," and why is it limited?

6. Three basic factors of production in our economy are commonly listed. What are they?
 - a.
 - b.
 - c.

7. In addition to the factors above, one other factor is often listed. State what it is and justify its inclusion.
 - a. _____ is the factor.
 - b. This is justifiable because _____

8. Relate the consumer's decision to buy a product to supply and demand and market price.

9. What is the relationship between the price system and resource allocation in our economy?

Pre/posttest (continued)

10. When would perfect competition among all producers of goods and services not benefit the consumer?

11. What are the three basic sectors of our economy?
 - a.
 - b.
 - c.

12. What is the basic objective of the consumer in our economy?

13. What is the basic objective of the producer in our economy?

14. What is meant by the term "opportunity cost," and why is it important for the consumer to be aware of the concept?

Pre/posttest (continued)

15. How may the education of an individual be defined in economic terms?

16. If voters (consumers) choose consumption over investment, what is the long-term effect?

17. What is very often the effect of government price ceilings upon the consumer, and why does it occur?
 - a. Effect:

 - b. Reason:

18. What is meant by the term "regressive tax"? Give an example. Discuss how it affects the following groups: low-income, high-income, retired.
 - a. Definition:

 - b. Example:

 - c. Discussion:

Pre/posttest (continued)

19. What is meant by the term "progressive tax"? Give an example. Discuss how it affects the following groups: low-income, high-income, retired.

a. Definition:

b. Example:

c. Discussion:

20. What is money? How does a consumer help to create money?

a.

b.

Return this test to your instructor for evaluation.

ANSWER KEY
MODULE PRE/POSTTEST

Relationship Between National and Consumer Economics

Instructor: Do not reproduce this page in students' booklets. You must retain it for grading and prescriptive purposes. Answers will vary with individuals. A preferred response might be similar to the answer presented.

1. An organization or system for producing goods and services and distributing them to the consumer.
2. Modified Market Economy; Modified Free Enterprise Economy; Regulated Market Economy.

The important concept for the student to recognize is that the economy of the United States is not "free" but is regulated, in part, by government policy. Other concepts that may be included in answers are these: Citizens, either singly or in groups, are free to establish businesses; to produce what they wish to make a profit; to enter into free contracts with other persons; to own factors of production such as land and capital; to hire labor.

3.
 - a. Scarcity of resources
 - b. Unlimited wants of consumers
4.
 - a. What to produce:

Recognizing that all resources are scarce, the market, operating through supply and demand, determines a system of priorities. For example, national defense products or civilian goods; capital goods or consumer goods.

- b. How shall goods and/or services be produced?

Resources can be used for more than one purpose, but not simultaneously. Therefore, different possibilities exist for using the factors of production. Shall the goods be labor-intensive or capital-intensive? In periods of unemployment, for example, the choice might be to initiate public works programs that use manpower. In times when labor is scarce and costly, the choice can be one of increasing capital outlay for technological development.

Pre/posttest Answer Key (continued)

- c. How much shall be produced?

This means the rate of growth that can be sustained by the economy without creating either inflation or recession. In our economy, monetary policy is used in an attempt to sustain a manageable growth rate.

- d. Who shall receive the goods and services produced?

The production of the economy from the use of its resources goes to those who can purchase it. Individual income, together with the prices of the goods that are available, determine for the consumer the ability to "vote" for needed or wanted goods. Individual income varies because of the amount and productivity of the resources owned by the individual. The labor of individuals is, of course, a resource which earns wages and salaries.

5. For the consumer, the free-enterprise economy means that the dollars the consumer spends constitute votes for products or services. These votes determine which products offered by sellers will remain on the market. The term "consumer sovereignty" is often used to describe this power that choice-making gives to the consumer. However, some consumer economists feel that the wants of consumers are manipulated by marketing practices and by mass media influence. Therefore, the consumer is not sovereign.
6. a. Land
- b. Labor
- c. Capital
7. a. Management skill or entrepreneurial skill
- b. Managerial skill has enabled the United States to develop to a high level of technology. We export this skill to developing countries by allowing management level persons to travel to foreign countries to live and to work as advisors, managers, etc.

Pre/posttest Answer Key (continued)

8. Supply and demand are aggregate forces created by the total number of decisions made by consumers to buy and by sellers to produce a given product. The interaction of supply and demand determines price. This interaction involves two conflicting sets of attitudes: (1) sellers are willing to supply more at higher prices, while consumers are willing to buy less at the higher price; and (2) demanders (consumers) are willing to buy more at a lower price and suppliers (sellers) are willing to sell less at the lower price. These conflicting motives are reconciled in the market by the market price. Market price is that price at which the quantity offered by suppliers is equal to the quantity demanded by consumers. Market price is also referred to as equilibrium price.

Consumer demand refers to the quantity of a good or service that the consumer is willing and able to buy at a specified price. As the price falls, the consumer is expected to take an increasing number of units of a given product. The quantity of a product that will be demanded by consumers at a given price depends upon several factors:

- a. Consumer tastes and preferences
- b. The effect of advertising upon these preferences
- c. Availability of competing products
- d. Amount of money consumers are willing to spend
- e. Prices of alternate products which serve the same need.

Supply refers to the total number of units of a good that suppliers offer for sale at a given price. The higher the price is, the greater the number of units. Conversely, the lower the price, the fewer units offered. In the long run, products that provide profits to the seller remain on the market.

9. As the consumer indicates a willingness to pay a higher price for a given product, increased numbers of producers begin to produce and market the product, drawing upon capital, raw materials, and labor. This in effect allocates resources.
10. Certain goods and services, i.e., automobiles, telephone service, electricity and natural gas, are extremely costly to produce and distribute. Additional capital investments to increase the number of producers when passed on to the consumer would result in higher prices per unit.

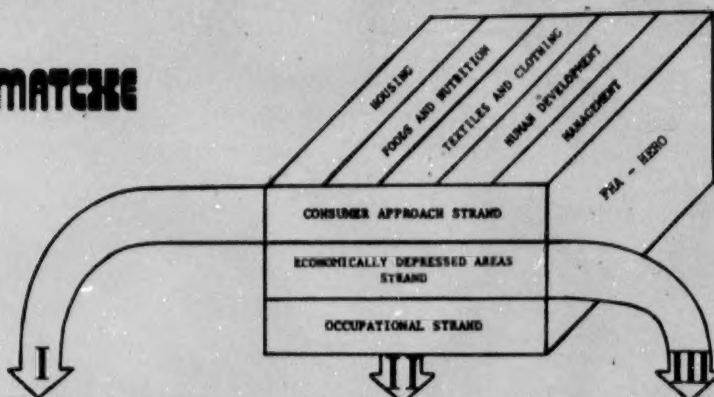
Pre/posttest Answer Key (continued)

11. a. Consumer
b. Business
c. Government
12. Maximization of Satisfaction
13. Maximization of Profit
14. When money is spent for a consumer good, an implicit cost of the good is the opportunity foregone for the same money to be invested or placed in a savings account where it will earn a return. Example: Four hundred dollars spent for a food freezer could be earning at least 5 percent interest or \$20.00 per annum over the life span of the freezer if placed in a savings account. This earning which was foregone should be considered part of the cost of owning the freezer.
15. Human capital
16. Fewer dollars are available for business to borrow; therefore, business expansion or rate of growth slows down, resulting in fewer jobs, which means fewer dollars from wages to purchase goods. Over the long term, this can result in a recession.
17. a. Decreased supply of those items whose price is frozen.
b. Suppliers decrease the supply because they can earn more on their investments in other types of production which are not regulated.
18. a. Taxes that place a proportionately larger burden on low-income families.
b. Sales tax
c. All groups pay at the same rate, but the poor spend a higher proportion of their income on necessities and therefore pay a higher proportion of income in sales tax than does the upper income group, which spends a smaller proportion of total income on goods. The aged or retired group is affected in much the same manner as the poor because a very large proportion of its income is spent on necessities for living.

Pre/posttest Answer Key (continued)

19. a. A tax that is higher on larger incomes than on lower incomes. As income increases, the tax becomes progressively higher.
- b. Income tax
- c. Low-income persons pay little or no income tax, while persons earning a large income pay very high taxes. In theory this is true, but in application the high-income person may be able to avoid paying the progressively high share of taxes by taking advantage of legal tax "loop-holes." Retired persons are given preferred treatment under tax laws to reduce the amount of income they must pay.
20. a. Money is a medium of exchange. It includes cash and checking accounts.
- b. When a consumer deposits money in a bank, the bank is required by the Federal Reserve to keep a certain percentage of this deposit on reserve. The remainder may be loaned to other consumers or businesses, which in turn spend it. The original depositor retains his deposit in full. The difference between the Federal Reserve requirement and the total of the original consumer deposit when spent by the bank borrower becomes "new" money.

MATCH



A. CORE: CONSUMER APPROACH TO HOME MAKING EDUCATION 1 Life Styles and the Consumer 2 Community Consumer Resources 3 Consumer Rights and Responsibilities 4 Incorporating the Consumer Approach in Homemaking Classes	CORE: ESTABLISHING OCCUPATIONAL PROGRAMS 1 Analyzing Job Market Opportunities 2 Developing Occupational Programs 3 Implementing Occupational Programs 4 Evaluating Occupational Programs	CORE: TEACHING HOME ECONOMICS IN ECONOMICALLY DEPRESSED AREAS 1 Characteristics of Economically Depressed Areas 2 Life Style Characteristics of Economically Depressed Areas 3 Community Resources for Economically Depressed Areas 4 Developing and Implementing Programs for Economically Depressed Areas
AREA (Module) PACKAGES	AREA (Module) PACKAGES	AREA (Module) PACKAGES
B. HOUSING 1 Consumer Use of the Community 2 Procedures for Selecting a Community 3 Procedures for Selecting Housing 4 Shopping for a Home Loan 5 Procedures for Selecting Furnishings 6 Maintenance Procedures for Surfaces, Furniture, and Appliances	HOUSING 1 Occupational Opportunities Related to Housing and Interiors 2 Required Skills for Retail Sales of Furnishings and Related Household Items	HOUSING 1 Low Income Housing 2 Government Housing Programs 3 Low Income Furnishings
C. FOODS AND NUTRITION 1 Technological, Sociological, Ecological, and Environmental Factors Related to Food 2 Regulatory Agencies Responsible for Wholesomeness and Quality of Foods 3 Consumer Aspects in Planning Meals 4 Cultural Food Patterns 5 Influences on Food Prices	FOODS AND NUTRITION 1 Occupational Opportunities Related Foods and Nutrition 2 Operations and Activities of a Food Service Operation 3 Managing a Food Service Operation	FOODS AND NUTRITION 1 Food Availability in Economically Depressed Areas 2 Low Income Food Patterns 3 Meal Management on a Low Income
D. TEXTILES AND CLOTHING 1 Consumer Approach to Textiles and Clothing 2 Sociological, Psychological, and Economic Factors Affecting Clothing Selection 3 Clothing Needs of Individuals 4 Applications and Implications of New Technology in Textiles and Clothing	TEXTILES AND CLOTHING 1 Occupational Opportunities Related Textiles and Clothing 2 Assembly Line Garment Construction 3 Merchandising Textiles and Ready-To-Wear	TEXTILES AND CLOTHING 1 Clothing the Individual and Family 2 Utilizing Resources for Clothing and Textiles
E. HUMAN DEVELOPMENT 1 Societal Changes Affecting the Family 2 The Relationship Between Spending Patterns and Interpersonal Relationships 3 Financial Pressures in Various Life Styles and Cycles 4 Individuals and Families in Crisis 5 Consumer Aspects of Parenthood	HUMAN DEVELOPMENT 1 Occupational Opportunities Related to Human Development 2 Children's Center Aide 3 Developing Programs for Preschool Children 4 Convalescent Home Aide	HUMAN DEVELOPMENT 1 Characteristics of Economically Depressed Area Families 2 The Child and the Economically Depressed Area Family 3 Resources for the Economically Depressed Area Family
F. MANAGEMENT 1 Relationship Between National and Consumer Economics 2 Consumer Legislative Issues 3 Environmental Issues and the Consumer 4 Financial Management 5 Family and Individual Credit Management 6 Management View of the Multiple Role 7 The Metric System	MANAGEMENT 1 Occupational Opportunities Related to Home Management and Supporting Services 2 Occupational Preparation for Jobs Utilizing Housekeeping Skills	MANAGEMENT 1 Management Skills 2 Money Management 3 Marketing Practices in Relation to Low Income Clientele